



March 28, 2018

Miranda Paster, City Clerk
City of Los Angeles
200 North Spring Street, Room 360
Los Angeles, CA 90012

RE: 2018 Annual Report for the Little Tokyo Business Improvement District

Dear Ms. Paster,

As required under our agreement with the City of Los Angeles, the Little Tokyo Business Improvement District Advisory Board has reviewed in detail the proposed 2018 budget.

During the meeting of September 27, 2017, the Advisory Board approved the Annual Report for the renewal year 2018 pending the addition of 2018 assessment amounts.

On behalf of the Advisory Board, I would like to present this Advisory Board-approved 2018 Annual Report and assessment amounts for the Little Tokyo Business Improvement District to the Office of the City Clerk and to the Los Angeles City Council for their review and approval.

Please ask me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ellen Endo".

Ellen Endo
LTBID Advisory Board Co-Chair & LTBID Administrator

cc: Rita Moreno
Joanne Kumamoto, LTBID Co-Chair

Little Tokyo Business Improvement District

District Name: This report is for the Little Tokyo Business Improvement District

Fiscal Year of Report: This report covers the period from January 1, 2018 to December 31, 2018.

Improvements and Activities for 2018: The following are the improvements and activities planned for the Little Tokyo Business Improvement District:

Safety Ambassador Program: The professional security program will consist of two security officers patrolling on bicycles within the LTBD boundaries for 16 hours per day, 7 days per week.

Street/Sidewalk Maintenance Program: The street maintenance program will consist of sidewalk and street clean up to be conducted one day per week. Power washing of the sidewalks will be conducted periodically throughout the District in accordance with City guidelines and water use restrictions.

Marketing and Promotional Program: The marketing and promotional program will consist of activities, events, advertising, surveys, and a public relations strategy geared toward strengthening the District's commercial economy, increasing sales, developing future sales, retaining existing businesses and customers, and attract new businesses, customers, and visitors. A variety of approaches will be employed to promote the District as a safe and welcoming environment for customers, visitors, residents, and workers.

Administrative Program: The expenditures anticipated in this area will be for maintenance of the District website, production and distribution of the quarterly newsletter, professional accounting and legal services, insurance premiums, and other costs related to the administration of the BID.

Total Estimate of Costs for 2018: A breakdown of the total estimated 2018 budget is attached to this report as Appendix A.

Assessment Formula (Regular Members)

For fiscal year **2018**, the BID special assessment for regular members will be as follows:

<u>Annual Gross Sales:</u>	<u>2018 BID Special Assessment</u>
\$0 - \$100,000	\$93.00
\$100,001 - \$200,000	\$186.00
\$200,001 - \$400,000	\$372.00
\$400,001 - \$600,000	\$558.00
\$800,001 - \$1,000,000	\$930.00
\$1,000,001 - \$1,500,000	\$1,302.00
\$1,500,001 – \$2,000,000	\$1,860.00
\$2,000,001 and above	\$3,540.00

Banks

\$3,540.00

Definitions

Annual Sales: The term “annual sales” shall mean the annual sales of the calendar year and is defined as follows: The total amount of the sales price of all sales, the amount charged or received for the performance of an act, service of whatever nature it may be, whether such service, act is done as part of or in connection with the sale of goods, wares, merchandise or not, for which a charge is made or credit, including all receipts, cash, credits and property of any kind or nature, any amount for which credit is allowed by the seller to the purchaser without and deduction there from on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, losses or any other expense whatsoever; provided, that cash discounts allowed or taken on sales shall not be included. Annual sales shall also include the amount of and federal manufacturers’ or importers excise tax included in the price of property sold, even though the manufacturer or importer is also a retailer thereof and whether or not the amount of such tax is stated as a separate charge. But, annual sales shall not include the amount of any federal tax imposed on or with respect to retail sales whether imposed or upon the consumer and regardless of whether or not the amount of federal tax is stated to customers as a separate charge, or any California state, City, or city and county sales or use tax by law to be included in or added to the purchase price and collected from the consumer or purchaser, or such part of the sales price of any property previously sold and returned by the purchaser to the seller which is refunded by the seller by way of cash or credit allowance given or taken as part payment on any property so accepted for resale.

Business: The term “business” shall mean any business, commercial enterprise, trade, calling, vocation, profession or any means of livelihood, whether or not carried on for gain or profit, within the Little Tokyo Business Improvement District boundaries.

Engaged in Business: The term “engaged in business” shall mean the conducting, operating, managing or carrying on of a business, whether done as an owner or by means of an officer, agent, manager, employee, servant or lessee of any of them, within the Little Tokyo Business Improvement District boundaries.

Person or Business Entity: The term “person” or “business entity” shall mean all domestic and foreign corporations, associations, syndicates, joint stock companies, partnerships of every kind, joint ventures, clubs, societies, non-profit organizations, and individuals engaged in any kind of business as defined herein, which shall include private, public, governmental agencies or quasi governmental agencies within the Little Tokyo Business Improvement District boundaries.

Assessment Formula (Non-Profit Organizations)

For fiscal year 2018, the BID special assessment for non-profit organization members will be as follows:

**Gross Related and Unrelated
Exempt Function Income**

2018 BID Special Assessment

\$0 - \$100,000	\$93.00
\$100,001 - \$200,000	\$186.00
\$200,001 - \$400,000	\$372.00
\$400,001 - \$600,000	\$558.00
\$600,001 - \$800,000	\$744.00
\$800,001 - \$1,000,000	\$930.00
\$1,000,000 and over	\$1,116.00

Non-Profit Organization Defined

For the purposes of the Little Tokyo Business Improvement District, a non-profit organization is defined as an entity, corporation, organization, association, etc. that has received a “tax exempt determination letter” from both the State of California - Franchise Tax Board and the Department of Treasury - Internal Revenue Service; and has been designated as being one or more of the following type(s) of organizations:

Type of Non-Profit Organization	Internal Revenue Code Section Designation
Corporations Organized Under Act of Congress	501(c)(1)
Title Holding Corporations	501(c)(2)
Charitable, Religious, Educational, Scientific, etc Organizations	501(c)(3)
Civic Leagues and Social Welfare Organizations	501(c)(4)
Labor, Agricultural and Horticultural Organizations	501(c)(5)
Business Leagues, etc.	501(c)(6)
Social and Recreation Clubs	501(c)(7)
Fraternal Beneficiary Associations	501(c)(8) & (10)
Voluntary Employees' Beneficiary Associations	501(c)(9)
Teacher's Retirement Fund Associations	501(c)(11)
Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, etc.	501(c)(12)
Cemetery Companies	501(c)(13)
State Chartered Credit Unions, Mutual Reserve Funds	501(c)(14)
Insurance Companies or Associations Other Than Life	501(c)(15)
Cooperative Organizations To Finance Crop Operations	501(c)(16)
Supplemental Unemployment Benefit Trust	501(c)(17)
Employee Funded Pension Trusts	501(c)(18)
Organizations of Past and Present Members of the Armed Forces	501(c)(19) & (23)
Black Lung Benefit Trusts	501(c)(21)
Withdrawal Liability Payment Funds	501(c)(22)
Title Holding Corporations of Trusts	501(c)(25)
State-Sponsored Organizations Providing Health Coverage For High-Risk Individuals	501(c)(26)
State-Sponsored Workmen's Compensation and Insurance And Reinsurance Organizations	501(c)(27)
Religious and Apostolic Associations	501(d)
Cooperative Hospital Service Organizations	501(e)

Cooperative Service Organizations of Operating Educational Organizations	501(f)
Child Care Organizations	501(k)
Charitable Risk Pools	501(n)
Political Organizations	527

Gross Related and Unrelated Exempt Function Income

Related and unrelated exempt function income is defined as:

1. Gross amounts received as voluntary contributions; that is, payments, or the part of any payment, for which the payer (donor) does not receive full retail value (fair market value) from the recipient (donee) organization.
2. Gross amounts received from individuals, trust, corporations and other non-profit organizations, or raised by an outside professional fundraiser.
3. The gross value of non-cash contributions at the time of the donation. For example, the gross value of a donated property, (i.e. car, real estate, painting, stock, etc.), at the time the property was received by the organization.
4. The gross value of services donated to the organization, or items such as free use of materials, equipment or facilities.
5. Gross grants that encourage an organization to carry on programs or activities that further its exempt activities.
6. Gross membership dues and assessments that represent contributions from the public.
7. Gross government grants received as a contribution, or for fees for services, or reimbursement of an organization's expenses.
8. Gross program service revenue received by an organization. Program service revenue includes income earned by the organization for providing a government agency with a service, facility, or product that benefits that governmental agency directly rather than benefiting the public as a whole. Program service revenue also includes: tuition received by a school; revenue from admissions to a concert or other performing arts event or to a museum; royalties received as author of an educational publication distributed by a commercial publisher; interest income in loans a credit union makes to its members; payments received by an organization from participants, or employers of participants, for health and welfare coverage, insurance premiums received by a fraternal beneficiary society; and registration fees in connection with a meeting or convention. Program service also includes income from program-related investments, (i.e. real estate). Unrelated trade or business activities that generate fees and services shall be a source received as program service revenue.
9. Gross interest on savings and temporary cash investments.

10. Gross dividends and interest from securities.
11. Gross rents received from property.
12. Net gains from sale of assets other than inventory, (i.e. real estate, royalty interest, partnership interest, publicly traded securities, etc.).
13. Gross revenue from all special events, such as dinners, dances, carnivals, raffles, bingo games, other gaming activities (i.e. pull tabs, scratch offs, charitable gaming tickets, break-downs, hard cards, banded tickets, jar tickets, pickle cards, lucky seven cards, Nevada Club tickets, casino nights, “Las Vegas” nights, coin operated gambling devices, etc.), and door-to-door sales of merchandise.
14. Gross sales of inventory items.
15. Other gross revenue, whether related or unrelated, received by an organization, (i.e. interest on notes receivable not held as investments or as program-related investments; interest on loans to officers, directors, trustees, key employees, and other employees; royalties that are not investment income or program service revenue, etc.).

Separate Assessment for Each Location

Every person who engages in any business activity, whether for profit or non-profit, within the Little Tokyo Business Improvement District boundaries which is subject to the special assessment shall be deemed to be engaged in a separate business at each branch establishment or location at which he/she engages in business and must make payment of the special assessment at each location or branch establishment within the Little Tokyo Business Improvement District boundaries from which the business activities are carried on.

Imposition of Special Assessment

The Little Tokyo Business Improvement District was created and established with the assistance of the local Little Tokyo, (business and non-profit), community and is designed to exclusively benefit the local Little Tokyo community.

The annual special assessment shall be assessed to each and every person or business entity, business, non-profit organization, (private, public, governmental agency, or quasi governmental agency), engaged in any business(es), occupation(s), etc. within the described boundaries of the Little Tokyo Business Improvement District boundaries. The billing and collection of the special assessment shall be the responsibility of the City of Los Angeles – Office of the City Clerk – Special Assessments Section – NBID Programs.

Due Date of Special Assessment

The annual BID Special Assessment shall be made payable to the Little Tokyo Business Improvement District in advance and remitted to the Office of the City Clerk – Special Assessment Section – NBID Programs and shall be due and payable when invoiced by the Office of the City Clerk.

When a business discontinues, dissolves, or otherwise terminates before the expiration of a BID Special Assessment period, any BID Assessment accrued and owing to the Little Tokyo Business Improvement District under the provisions of the Little Tokyo BID Ordinance, including any BID Special Assessment that would not otherwise be payable under the close of the BID Special Assessment period during which termination occurs, or until time for paying the BID Special Assessment for next succeeding BID Special Assessment period, shall be due on the date of termination.

When a business first becomes subject to the BID Special Assessment by reason of an amendment to the Little Tokyo BID Ordinance or, because of such an amendment, becomes subject to the BID Special Assessment under a section or basis not previously applicable to such business, any new or additional BID Special Assessment is required to be paid pursuant to the amended Little Tokyo BID Ordinance. As so amended, the BID Special Assessment shall be due and payable upon the effective date of the applicable Little Tokyo BID Ordinance unless an operative date different from the effective date of the amendment is specified therein.

The payment of the BID Special Assessment is not transferable upon the sale or transfer of a business to another party. Such a transfer shall not relieve the new owner from payment of the BID Special Assessment. For the purpose of sale or transfer of an existing business to another party, such acquiring party shall be treated as a “newly established business.” The BID Special Assessment to the new owner shall be made in accordance with the provisions of the “newly established business” section of the Little Tokyo BID Ordinance.

Late Penalty Assessment

The City of Los Angeles – Office of the City Clerk – Special Assessment Section – BID Programs will be responsible for the billing and collection of the Little Tokyo BID Special Assessment. The payment of the BID Special Assessment shall be made on a specified due date. Should payment not be received on or before the due date, late payments will be subject to a penalty of ten percent (10%) of the amount due added per month, not to exceed one hundred percent (100%) of the assessment amount due. Every penalty imposed and accrued shall become a part of the BID Special Assessment.

Exemption for Newly Established Business

Businesses, non-profit organizations, etc. recently established within the Little Tokyo Business Improvement District shall be exempt from the levy of assessments for a

period not to exceed one year from the date the business commenced operating in the District.

Refunds of Special Assessment

No refund shall be allowed in whole or in part of the BID Special Assessment.

Exception: Should the Little Tokyo Business Improvement District be terminated by the City of Los Angeles, City Council, any non-committed or unused BID Special Assessment funds shall be refunded to those general LTBD members existing at the time of termination on a pro-rata basis of each member's actual BID Special Assessment paid to the Little Tokyo Business Improvement District for the year prior to the year of termination. Any refunds to a particular member shall never exceed the actual BID Special Assessment paid to the Little Tokyo Business Improvement District by that particular member. Interest shall not accrue on any refund amount.

The City of Los Angeles – Office of the City Clerk – Special Assessment Section – BID Programs shall conduct a special audit of the Little Tokyo Business Improvement District to determine, if any, non-committed or unused BID Special Assessment funds. Upon the determination of non-committed or unused BID Special Assessment funds, the Office of the City Clerk – Special Assessments Section – BID Programs shall calculate, if any, each remaining members refund amount and cause, if any, to refund same to that member from the non-committed or unused BID Special Assessment funds.

Outside Sources of Revenue

The Little Tokyo Business Improvement District shall be permitted to solicit grants, voluntary contributions, fundraising, etc. for the purpose of raising additional sources of revenue to add to the members' special assessment funds to support the programs implemented by the LTBD. Funds raised through these sources shall go directly to the LTBD administrator and not through the Office of the City Clerk. Funds raised from these activities shall be for the exclusive use of the LTBD programs.

Delinquent LTBD Assessment Fee

Delinquent accounts shall be handled according to the City of Los Angeles policy.

Economic Hardship

The LTBD has established a process for those members that can demonstrate economic hardship, through a formal appeal process, seeking partial or full relief of the 2018 special assessment. All members seeking economic hardship for consideration of partial or full relief of the 2018 special assessment must submit in writing the reasons demonstrating economic hardship to the Little Tokyo Business Improvement District's Administrator.

Amount of Surplus/Deficit from previous Fiscal Year:

It is anticipated that there will be no surplus carried over from 2017.

Amount of Contributions from other sources:

\$20,000 (grants)

Boundaries: The Little Tokyo BID's boundaries for its 2018 operating year remain unchanged from the BID's 2017 operating year and are described as follows:

<u>STREET LOCATION</u>	<u>ADDRESS RANGE</u>	<u>BOUNDARIES</u>
North Alameda Street	100 through 200	East & West
South Alameda Street	100 through 300	East & West
Astronaut Onizuka Street	100 through 300	East & West
Azusa Street		
Banning Street	500 through 700	North & South
North Central Avenue	100 through 250	East & West
South Central Avenue	100 through 300	East & West
East 1 st Street	200 through 899	North & South
East 2 nd Street	200 through 699	North & South
East 3 rd Street		North Only
South Hewitt Street	100 through 299	East & West
Judge Aiso Street	100 through 199	East & West
South Los Angeles Street	100 through 299	East & West
Rose Street	100 through 200	East & West
South San Pedro Street	100 through 299	East & West
East Temple Street	300 through 699	South Only
Turner Street	400 through 415	North & South
North Vignes	100 through 199	East & West

Benefit Zones: For its 2018 operating year, the benefit zones for the Little Tokyo Business Improvement District will remain unchanged from the BID's 2017 operating year. There is only one benefit zone.

2018 LTBD Advisory Board Members

<u>Member</u>	<u>Business/Organization</u>
Paul Abe	Union Bank
Doug Aihara	Aihara Insurance Services, Inc.
Sylvia Ena	Keller Williams Realty
Ellen Endo, Co-Chair/Administrator	Hapa Consulting Services/Rafu Shimpō
Thornton Dickerson	Pacific Commerce Bank
Hironori Yonezawa	Miyako Hotel Los Angeles
Tamako Henken	Henken Gallery
Sharon Im	California Bank and Trust
David Kudo	All Japan News
Joanne Kumamoto, Co-Chair	Kumamoto Associates
Andrew Lee	Advance Investments
Tomoko Omura	Manufacturers Bank
Mike Okamoto	Nisei Week Festival/Little Tokyo Rotary
Yuriko Shikai	Neufeld Marks

Edwin Takahashi
Nancy Takayama
Haru Takehana
Yoshiko Ueda
Hiroshi Yamauchi

Kiyohara & Takahashi LLP
Little Tokyo Towers
Takehana Real Estate Services
U&U Graphics
Koraku Restaurant

APPENDIX A – LITTLE TOKYO BID 2018 PROPOSED BUDGET

Estimated Carryover from 2017	\$ 0
Contributions from Other Sources	\$ 20,000
Estimated Assessment for 2018	<u>\$260,840</u>

Total Estimated 2018 Budget	\$ 280,840
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Estimated Expenses for 2018

Professional Security Program (81%)	\$ 227,480
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Street Maintenance Program (5%)	\$ 14,042
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Marketing and Promotional Program (6%)	\$ 16,850
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Administration Program (8%)	<u>\$ 22,468</u>
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TOTAL ESTIMATED EXPENSES	\$ 280,840
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